

No. 18442

IN THE

# United States Court of Appeals

FOR THE NINTH CIRCUIT

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WHAM-O MFG. Co., a corporation,

*Plaintiff-Appellant,*

*vs.*

PARADISE MANUFACTURING Co., a corporation,

*Defendant-Appellee.*

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PLAINTIFF-APPELLANT'S REPLY BRIEF.

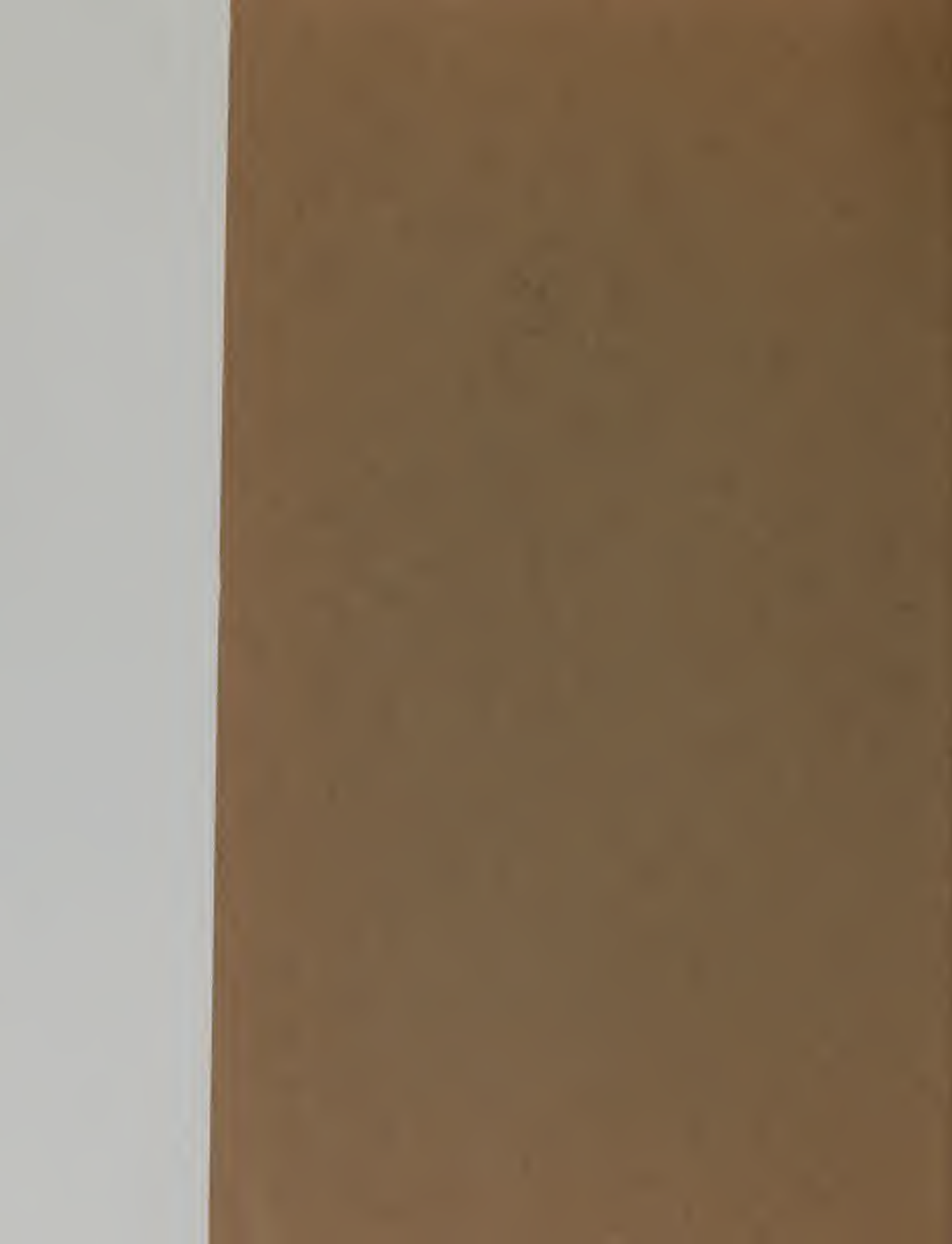
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## PLAINTIFF-APPELLANT'S REPLY BRIEF.

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The brief for Appellee makes certain concessions as to points which it is believed pertinent to set out. Appellee's brief, further, makes certain arguments as to the issues remaining, which arguments, though specious, can not be left without reply.

### Points Not Contested.

The Appellee apparently does not contest the following points:

1. The granting of a motion for summary judgment does not necessarily follow from the filing of motions for summary judgment by both plaintiff and defendant. Appellee concedes this point on page 3 and again on page 7 of its brief.

2. If the holding of patent invalidity in the present instance is reversed, the judgment of noninfringement must be reversed. Appellee concedes this point on page 16 of its brief.

3. The unfair competition claim of the Complaint is a substantial claim within the meaning of 28 U. S. C. §1338(b). This point is conceded on page 18 of Appellee's brief.

4. The standard which should be applied to the term "related" in 28 U. S. C. §1338(b) is the liberal standard. This point is conceded on page 19 of Appellee's brief.

Appellee apparently infers that an issue exists as to the rule that validity of the claim of a patent is a mixed question of fact and law. Appellant would be the first to state that validity is a mixed law and fact question, and further again cites the case of *Cee-Bee Chemicals Co. v. Delco Chemicals, Inc.*, 263 F. 2d 150 (9 Cir. 1959), in which this Court stated that validity is a mixed question of fact and law, that what the prior art teachings and what the patent teachings were, are questions of fact, and whether the prior art teachings are sufficient to negate invention as to the patent teachings is a question of law.

### Points Contested in Appellee's Brief.

#### A. Presumption of Validity With Respect to References Not of Record.

Appellee continues to argue that the fact that a reference is not officially cited at the issuance of the patent is determinative of the question as to whether or not it was considered by the Patent Office, further extending this argument to place upon Appellant the burden of making appropriate proof in order to defeat Appellee's motion for summary judgment. Appellee can not so easily shift the burden placed upon him by law.

But Appellee continues in this effort by citing two cases, both from the Seventh Circuit, and quoting from one, *Nordell v. International Filter Co.*, 119 F. 2d 948 (7 Cir. 1941), and particularly from page 950. Appellee significantly fails to quote the preceding portion of the paragraph from which an excerpt is taken and further fails to quote the following paragraph. These paragraphs indicate that the *Nordell* case was concerned with a situation in which a single reference was sufficient to anticipate the claims in question. That such a situation may overcome the presumption of validity was pointed out by Appellant in its brief at page 24. But such a situation is not present in this appeal.

It should further be noted that Appellant, at page 25 of its Opening Brief, cites four Seventh Circuit cases in support of its position, and such cases, with the exception of one, are more recent than those cited by Appellee. Perhaps significantly, Appellee did not cite

the most recent Seventh Circuit case in point, *A R Inc. v. Electro-Voice, Incorporated*, 311 F. 2d 508 (7 Cir. 1962), where, at page 513, the Seventh Circuit again pointed out that the presumption of consideration of a reference by the Patent Office may be overcome by a single reference disclosing, in and of itself, both the combination and functional relationship of the patent in question, but is not overcome by prior art patents, not cited by the Patent Office, which do not meet the invention singly or contain a suggestion as to how one skilled in the art would combine such references to anticipate the patent in suit. Thus, Appellee's statement that Appellant's argument has never been accepted by the courts (page 9) is not even true in the Circuit from which Appellee cites case authority. Rather, the proper rule is that the presumption of validity, set out by statute at 35 U. S. C. §282, applies with respect to art which does not, of itself, anticipate the invention, at least on motion for summary judgment, when any doubt must be resolved against the party claiming invalidity. Such a statutory provision is certainly not a "featherweight" consideration, as Appellee contends.

**B. The Unfair Competition Claim Is a Related Claim.**

It is Appellant's contention that the requirement, of 28 U. S. C. §1338(b), that the claim for unfair competition be a related claim, is met where the same device alleged to infringe the patent in suit is the device alleged to compete unfairly. In the present instance, there is no argument as to the fact that the same product of Appellee, the Surf 'n Glide, was the subject matter of the patent infringement claim and



the unfair competition claim. Both Appellant and Appellee agree that the standard to be applied in determining whether a claim is related is the liberal standard referred to in *Pursche v. Atlas Scraper and Engineering Co.*, 300 F. 2d 467 (9 Cir. 1962). In the *Pursche* case, this Court pointed out the purpose of §1338(b) was to avoid piece-meal litigation by giving jurisdiction over related claims. That the purpose of §1338(b) is accomplished by sustaining jurisdiction when the same device is the subject of the infringement and unfair competition claims would seem to be obvious.

But Appellee would substitute a different test for “related”. Appellee would substitute the test that, if “the devices actually sold by the parties embody different claims of the patent” (Appellee’s brief, p. 5), the unfair competition claim is not a related claim. Unfortunately for Appellee, even accepting this test, the claim is a related claim within §1338(b).

At the outset, it should be noted that Appellee carefully refrains from stating which of the claims of the Carrier patent read upon Appellee’s device, and which of the claims of the Carrier patent read upon Appellant’s device. As Appellee well knows, claims 1, 2, 4, 5 and 6 of the Carrier patent read upon Appellee’s device and read upon Appellant’s device. But Appellee seeks to obscure this fact by claiming that Appellant has patented holes (Appellee’s brief, p. 25) and arguing that Appellee uses “holes” which are not stated to be the preferred embodiment. Appellee must think that this Court can not read, since one looks in vain through the claims of the patent for any recitation as to holes.

The transcript of the hearing on the summary judgment motions is clear in showing that Appellant's device was never before the Court [R. 120]. Appellee would have this Court believe that, at the hearing, the actual structure of Appellant's device was discussed. But the falsity of this representation is clear even from that portion of the hearing transcript quoted by Appellee in its brief, where, at page 19, it is pointed out that Appellant's attorney referred specifically to the *patent* in suit rather than Appellant's *device*.

In order to avoid this obvious defect in Appellee's argument, Appellee states that Appellant's counsel, in an "admission", characterized the "inventive" portion of the patent as the manner in which the holes are formed, taking a quotation from the transcript out of context (Appellee's brief, pp. 10, 25). Appellee ignores the fact that the quoted portion evolved from a discussion of the contention by *Appellant* that lawn soakers were so well known as to be capable of judicial notice, hardly the "inventive" portion of the patent. In fact, the quoted portion is a simple statement that Appellee's device embodies a structure described in the patent as one form of water spray structure. But such structure is no where claimed as such, much less claimed to be the invention patented.

However, Appellee would have this Court believe that the description of Appellee's device was an admission that different claims of the patent were involved. Thus, Appellee states that "the Court was most certainly entitled and indeed compelled to *infer* from this that plaintiff's device embodied the form which Appellant's counsel considered preferable" (Ap-

pellee's brief, p. 19, emphasis added). But there is no finding of such by the trial court, and, in the Ninth Circuit, on appeal,

“It is not the proper function of this Court to engage in a process of assuming basic findings of fact upon which the conclusions of the district court may have been reached, and then testing these assumed fact findings under the ‘clearly erroneous’ provisions of Rule 52(a). (F.R.C.P.)”

*National Lead Co. v. Western Lead Products Co.*, 291 F. 2d 447, 451 (9 Cir., 1961).  
(Parenthesis added.)

Therefore, Appellee's argument in this regard is without merit.

When all is said and done, the simple answer to Appellee's contention with respect to the unfair competition claim is to read the trial court's order [R. 96-97]. This order states:

“The Second Count, being for unfair competition, finds no jurisdictional support in 28 U.S.C. 1338 (b) inasmuch as judgment goes against the plaintiff on the First Count, and hence there is no ‘substantial and related claim’ under the patent law to support jurisdiction of the unfair competition count.”

Such a statement is hardly the statement of a trial court dismissing an unfair competition claim because of differences between the devices of plaintiff and defendant, or even differences in the patent claims reading on each. Rather, the clear and only possible meaning is that, having held the patent invalid (Appellee

admitting the noninfringement judgment is supported only by the invalidity holding) the Court held, as a matter of law, that it was without jurisdiction over the unfair competition claim due to its holding of patent invalidity. Such holding is erroneous, and must be reversed.

**C. The Combination of Elements Claimed in the Carrier Patent Constitutes Invention.**

Appellee characterizes the patent in suit as a patent on “what is essentially a wet piece of plastic” (Appellee’s brief, pp. 6, 28). But Appellee did not sell a piece of plastic and tell the purchaser to put water upon it. Rather, Appellee chose to copy the exact structure described in the patent in suit. Appellee has been unable to show a single reference which anticipates the claims of the patent in suit. Rather, Appellee, having copied its device from the patent, and having been brought into court to account for its acts, reaches back into the prior art in an attempt to collect various devices which might, in combination and in retrospect, be considered the *equivalent* of the various elements of the patented combination. But an infringer can not avoid accounting for his acts so easily. For, in the present situation,

“\* \* \* In none are found in combination all the essential elements of the present patent. Prior patents ‘cannot be reconstructed in the light of the invention in suit, and then used as a part of the prior art.’ *Mohr & Son v. Alliance Securities Company*, CCA 9, 14 F. 2d 799.”

*Payne Furnace & Supply Co., Inc. v. Williams-Wallace Company*, 117 F. 2d 823, 826 (9 Cir. 1941);

cited and followed in *Himes v. Chadwick*, 199 F. 2d 100 (9 Cir. 1952).

In summarily holding the claims of the Carrier patent invalid, the trial court erred as a matter of law in failing to apply the well established rule that a combination of elements whereby a new, useful and better result is secured, may be protected by a patent as surely as a new machine or composition. This rule has been reiterated in hundreds of cases, among them being:

*Webster Loom Co. v. Elias S. Higgins* (1882),  
105 U. S. 580, 591, 26 L. Ed. 1177;

*Diamond Rubber Co. v. Consolidated Rubber  
Tire Co.* (1911), 220 U. S. 428, 443, 55 L.  
Ed. 527;

*Coleman Company, Inc. v. Holly Manufacturing  
Company*, 233 F. 2d 71 (9 Cir. 1956);

*Nye & Nissen v. Kasser Egg Process Co.*, 96  
F. 2d 420 (9 Cir. 1938);

*Oxnard v. Bradley*, 194 F. 2d 655 (9 Cir. 1952);

*Wire Tie Mach. Co. v. Pacific Box Corporation,  
Limited*, 102 F. 2d 543 (9 Cir. 1939);

*Page v. Myers*, 155 F. 2d 57 (9 Cir. 1946);

*Technical Tape Corporation v. Minnesota Min-  
ing & Manufacturing Company*, 247 F. 2d  
343 (2 Cir. 1957);

*Little Mule Corporation v. The Lug All Com-  
pany*, 254 F. 2d 268 (5 Cir. 1958).

Appellee would have this Court accept as obvious the contention that the issuance of the patent in suit by the Patent Office was completely illogical and certainly required no expertise. It is without argument

now, and was also without argument during the prosecution of the application before the Patent Office and the patent suit before the trial court, that the plastic material from which the device is constructed, and that conduits for spraying water, *per se*, were well known. But Appellee has been singularly unsuccessful in putting into evidence any prior art relating to such elements in a combination as a toy. The patent was issued after consideration by two examiners in the Patent Office, each of long experience and each assigned to that particular division in the Patent Office to which patent applications on toys are directed. Each man was an expert in the field of toys, and as such, each man recognized the inventive nature of the Carrier application. That the Chief Judge in the U. S. District Court for the Southern District of California failed to recognize the inventive nature of such a children's toy is apparent from the findings, conclusions and judgment. That Appellee recognized the inventive nature of such a toy is apparent from his exact copying of the device described in the Carrier patent. If further evidence of invention were required, the immediate commercial success of the toy provides such evidence. On motion for summary judgment for patent invalidity, such an accumulation of evidence is, of itself, sufficient to require denial of the motion, even without the statutory provision, that a patent is presumed valid, placing the burden of proving invalidity upon the infringer. But not only is the burden placed upon the infringer, but the infringer must make his proof such as to be beyond any doubt on motion for summary judgment. Appellee did not so do, and the trial court must be reversed.

**Conclusion.**

It is, therefore, respectfully submitted that the trial court erred in its findings as to the facts and also erred as a matter of law, on Appellee's motion for summary judgment:

1. In holding the Carrier patent No. 2,982,547 to be invalid;
2. In entering judgment that defendant had not infringed Carrier Patent No. 2,982,547; and
3. In dismissing the unfair competition claim for lack of jurisdictional support under 28 U. S. C. §1338 (b).

Such error must be reversed.

Respectfully submitted,

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*Wham-O Mfg. Co.,*

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**Certificate.**

I certify that, in connection with the preparation of this brief, I have examined Rules 18 and 19 of the United States Court of Appeals for the Ninth Circuit, and that in my opinion, the foregoing brief is in full compliance with those rules.

ROBERT R. THORNTON

